

BOBBY JINDAL
GOVERNOR



MILTON J. BAILEY
PRESIDENT

Louisiana Housing Finance Agency

March 10, 2009

The Honorable Barack H. Obama
President of the United States
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. President:

I am writing to you again to bring two issues which, if left unresolved, could undermine your domestic policy objectives and bring GO Zone and disaster state workforce housing recovery efforts to a halt.

1. The GO Zone Act was silent on the question of return, recapture, re-processing and re-allocation of GO Zone Credits. Treasury is now saying, although has not officially opined in writing, that only an "initial" allocation was permitted by the GO Zone Act; and that no return, recapture, re-processing and/or re-allocation is permitted.

This position is neither supported by the GO Zone statute nor section 42 regulations.

2. The Recovery Act is silent on the question of whether unallocated GO Zone and Disaster tax credits are eligible to participate in Treasury's exchange program under 1604.

Jon Sheiner, Senior Tax Adviser, with Charles Rangel's office is saying, although has not provided any Congressional Report to support his statement, that unallocated GO Zone and Disaster tax credits were "intentionally" excluded from participating in Treasury's exchange program; and that the technical failure to qualify unallocated Disaster tax credits for exchange with Treasury for cash was purposeful.

Sheiner's statement does not seem to consider why Congress provided additional credits to recover affordable housing in disaster areas.

The statement that Congress "intentionally" decided not to monetize Disaster tax credits in the face of the equity market collapse for low-income housing tax credits is inconsistent with your commitment to specifically accelerate recovery of the GO Zone, and in general, to support communities recovering from natural disasters.

Accordingly, we need Treasury to affirmatively opine on two things, as follows:

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1. GO Zone and Disaster tax credits are indeed eligible for return, recapture, re-processing and re-allocation under the GO Zone Act; and,
2. GO Zone and Disaster tax credits are indeed eligible to participate in Treasury's exchange under 1602, if not in their unallocated state, then certainly following their allocation if they are returned or recaptured in a year subsequent to their allocation year.

Please note cite correction immediately above and let me know if I can provide you with any additional information.

Sincerely,

A handwritten signature in black ink, appearing to read 'Milton J. Bailey', written over the word 'Sincerely,'.

Milton J. Bailey, President
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xc: Chief of Staff Rahm Emanuel
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